



Agenda Date: 5/12/04

Agenda Item: 4A

STATE OF NEW JERSEY

Board of Public Utilities

Two Gateway Center

Newark, NJ 07102

www.bpu.state.nj.us

IN THE MATTER OF THE PETITION OF)	<u>TELECOMMUNICATIONS</u>
TIME WARNER TELECOM, INC., TIME)	
WARNER TELECOM HOLDINGS, INC. AND)	ORDER OF APPROVAL
TIME WARNER TELECOM OF NEW)	
JERSEY, L.P. FOR AUTHORITY TO ENTER)	
INTO CERTAIN FINANCING)	DOCKET NO. TF04020096
ARRANGEMENTS)	

(SERVICE LIST ATTACHED)

BY THE BOARD:¹

On February 12, 2004, Joint Petitioners, Time Warner Telecom, Inc. (TW Telecom), Time Warner Telecom Holdings, Inc. (TWTC Holdings) and Time Warner Telecom of New Jersey, L.P. (TW-NJ or the Company) (collectively Petitioners), a competitive local exchange carrier authorized to operate in the State of New Jersey, having principal offices at 10475 Park Meadows Drive, Littleton, Colorado 80124, filed a petition with the New Jersey Board of Public Utilities (Board or BPU), pursuant to N.J.S.A. 48:3-7, N.J.S.A. 48:3-9 and N.J.A.C. 14:1-5.9 seeking authority to execute various financial instruments up to a total amount of \$950 million and to pledge the assets of the Company to secure those agreements. TWTC Holdings is a subsidiary of TW Telecom. TWTC Holdings is also the parent company of TW-NJ. Petitioners revised their request to seek authority to issue debt in the total amount of \$590 million.

Among the financial instruments the Petitioners seek to execute is an agreement to issue \$200 million of 9.25% Senior Notes due in 2014, and an agreement to issue \$240 million of Second Priority Senior Secured Floating Rate Notes due in 2011 (collectively, the Notes). The Notes are being purchased by a syndicate of financial institutions including Lehman Brothers Inc., Morgan Stanley & Co. Incorporated, Bear, Stearns & Co. Inc., and Wachovia Capital Markets, LLC. Additionally, TWTC Holdings seeks to enter into a five year Senior Secured Revolving Credit Facility in the amount of \$150 million, which will be available for general corporate purposes. The Senior Secured Revolving Credit Facility is structured so that one or more subsidiaries of TW Telecom may borrow from the credit facility and use the proceeds for general corporate purposes, capital expenditures, working capital, and permitted investments and acquisitions.

¹ Commissioner Frederick F. Butler did not participate in the deliberation or the vote on this matter.

Certain of the proposed financial transactions are being secured by a pledge of one hundred percent (100%) of the capital stock of all direct and indirect domestic subsidiaries of TW Telecom. To supplement the primary stock security package, a security agreement will grant a security interest in all tangible and intangible personal property of the borrower.

The Board, after investigation, having considered the record and exhibits submitted in this proceeding, being satisfied with the action taken by Petitioner as indicated above and finding that the transactions are in accordance with law and are not contrary to the public interest, and approving the purposes thereof, HEREBY ORDERS that Time Warner Telecom, Inc., Time Warner Telecom Holdings, Inc. and Time Warner Telecom of New Jersey, L.P. are HEREBY AUTHORIZED to execute all necessary documents related: an agreement to issue \$200 million of 9.25% Senior Notes due in 2014, and an agreement to issue \$240 million of Second Priority Senior Secured Floating Rate Notes due in 2011. Petitioners are also HEREBY AUTHORIZED to execute a five year Senior Secured Revolving Credit Facility in the amount of \$150 million.

This order is subject to the following provisions.

1. Petitioners shall notify the Board, within five business days, of any material changes in the Facility, and shall provide complete details of such transactions including any anticipated effects upon service in New Jersey.
2. Petitioners shall notify the Board of any material default on the terms of the Facility within five business days of such occurrence.
3. Petitioner shall semiannually file statements for the amount, use of the amounts and use of the credit facilities pursuant to N.J.A.C. 14:1-5.9 (b).
4. This Order shall not affect or in any way limit the exercise of the authority of the Board or of the State in any future petition with respect to rates, franchises, services, financing, accounting, capitalization, depreciation, or any other matters affecting the Petitioner.
5. Notwithstanding anything to the contrary in the documents executed pursuant to the financing transactions or other supporting documents, a default or assignment under such agreement does not constitute automatic transfer of Petitioners' assets. Board approval must be sought pursuant to N.J.S.A. 48:1-1 et seq. where applicable.

6. This order shall not be construed as directly or indirectly fixing for any purpose whatsoever any value of tangible or intangible assets now owned or hereafter owned by Petitioners.

DATED: 5/12/04

BOARD OF PUBLIC UTILITIES
BY:

[SIGNED]

JEANNE M. FOX
PRESIDENT

[SIGNED]

CAROL J. MURPHY
COMMISSIONER

[SIGNED]

CONNIE O. HUGHES
COMMISSIONER

[SIGNED]

JACK ALTER
COMMISSIONER

ATTEST:

[SIGNED]

KRISTI IZZO
SECRETARY

Service List

I/M/O petition of Time Warner Telecom, Inc., Time Warner Telecom Holdings, Inc. and Time Warner Telecom of New Jersey, L. P. for Authority to Enter into Certain Financing Arrangements

TF04020096

BPU

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